

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 COME-00 L-03 EB-08 AID-05
CIAE-00 FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00
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R 141044Z MAR 78
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 0447
INFO AMEMBASSY ABU DHABI
AMCONSUL ALEXANDRIA
AMEMBASSY AMMAN
AMEMBASSY ATHENS
USINT BAGHDAD
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY SANA
AMEMBASSY TEL AVIV
AMEMBASSY TRIPOLI

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E.O. 11652: N/A
TAGS: ETRD
SUBJ: ARAB BOYCOTT: DEALING WITH BOYCOTT OFFICE QUESTIONNAIRE/
ENFORCEMENT PRACTICES

REF: (A) STATE 62525, (B) STATE 40439 (NOTAL),

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1. PARA 7 REF. A ASKS EMBASSY'S OPINION ON HOW IT
MIGHT HELP U.S. FIRMS FACING BOYCOTT QUESTIONNAIRE/ENFORCEMENT
PROBLEMS. WE SEE NOTHING WRONG WITH POINTING OUT TO HOST
GOVERNMENTS AND TO CBO GENERAL PROBLEM U.S. FIRMS FACE
BECAUSE OF UNSCRUPULOUS COMPETITORS MAKING ALLEGATIONS
AGAINST THEM TO WHICH THEY CANNOT RESPOND. WE HAVE
ALREADY RAISED THIS POINT AT VARIOUS LEVELS IN GOK AND

WILL CONTINUE TO DO SO.

2. WE DO NOT BELIEVE THAT EMBASSY REPRESENTATION WOULD BE HELPFUL IN CASE OF BOYCOTT PROBLEMS ENCOUNTERED BY SPECIFIC U.S. FIRMS DIRECTED AT POSSIBLE DELIBERATIONS CONDUCTED AT THE CENTRAL BOYCOTT OFFICE (CBO) LEVEL OR ARAB-WIDE BOYCOTT CONFERENCES. THIS APPLIES ALSO TO THE SITUATION IN KUWAIT. IN ORDER TO DO BUSINESS HERE FOREIGN FIRMS MUST, IN MOST CASES, HAVE AGENTS. THESE AGENTS NORMALLY ARE FROM THE RELATIVELY FEW FAMILIES WHICH DOMINATE THE DAY-TO-DAY AFFAIRS OF KUWAITI COMMERCE. THEY ARE MUCH BETTER PLACED TO ASCERTAIN PROBLEMS AND HOW THEY MAY BE RESOLVED THAN ANY AMERICAN BUSINESS EXECUTIVE OR THIS EMBASSY.

3. IN KUWAIT BOYCOTT PROBLEMS TEND TO BE VERY SPECIFIC. THEIR DIFFICULTY RUNS IN INVERSE PROPORTION TO THE IMPORTANCE WHICH THE GOVERNMENT OR OTHER BODY ATTACHES TO AWARDED THE CONTRACT OR SALE TO A SPECIFIC AMERICAN FIRM. IF THE GOK WANTS A SPECIFIC U.S. FIRM TO DO THE WORK, BOYCOTT PROBLEMS TEND TO DISAPPEAR. IF THE FIRM OR ITS AGENT IS WELL-ESTABLISHED, THIS IS ALSO LIKELY TO BE THE CASE.

4. OUR RELATIVELY LIMITED EXPERIENCE INDICATE THAT IT IS BEST FOR THE EMBASSY TO LIMIT ITS INVOLVEMENT TO LIMITED OFFICIAL USE

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DISCUSSION OF BOYCOTT PROBLEMS WITH THE U.S. FIRM, ITS AGENT, AND LOCAL LAWYERS, AND ONLY TO INTERVENE WITH THE GOVERNMENT WHEN THESE PARTIES HAVE FAILED TO RESOLVE THE PROBLEM. EVEN THEN, EMBASSY INTERVENTION WOULD HAVE TO BE LIMITED, PER PARA 5 OF REF. B, TO URGING THE GOK TO ADOPT "NORMAL COMMERCIAL DOCUMENTATION."

5. WE HAVE IN PAST BRIEFED GOK EXTENSIVELY ON LANGUAGE IN VARIOUS GOVERNMENT DOCUMENTS WHICH U.S. FIRMS ARE NO LONGER ABLE TO ACCEPT. NUMBER OF LOCAL LAWYERS HERE ARE ALSO VERY WELL VERSED ON THIS SUBJECT AND ARE CALLED ON FOR ADVICE BY FOREIGN MINISTRY AND OTHER MINISTRIES. FOREIGN MINISTRY UNDERSECRETARY RASHID AL-RASHED MARCH 12 TOLD AMBASSADOR THAT MINISTRY OFFICIAL IS NOW TRAVELLING IN GULF COUNTRIES TO COMPARE NOTES ON BOYCOTT PRACTICE IN LIGHT OF NEW U.S. LEGISLATION. LANGUAGE AND PRACTICE IN SAUDI ARABIA AND ELSEWHERE, WHICH WE UNDERSTAND IS MORE FLEXIBLE THAN IN KUWAIT, MAY HELP MOVE GOK IN THE RIGHT DIRECTION. NUMBER OF HIGHLY PLACED AND WELL-INFORMED KUWAITIS HAVE INDICATED TO US THAT GOK IS TRYING TO WORK OUT MODUS VIVENDI IN RESPONSE TO NEW U.S. LAWS; THEY TELL US BEST APPROACH AT THIS TIME WOULD BE FOR USG TO ADOPT A

LOW PROFILE ON THE SUBJECT. WE THINK THEIR
ADVICE IS QUITE SOUND.
MAESTRONE

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